

State of California
BOARD OF EQUALIZATION
SALES AND USE TAX REGULATIONS

Regulation 1525.1. MANUFACTURING AIDS.

Reference: Sections 6007-6009.1, 6010.5, Revenue and Taxation Code.

Tax applies to the sale of manufacturing aids such as dies, patterns, jigs and tooling used in the manufacturing process notwithstanding the fact that the property used in manufacturing may subsequently be delivered to or held as property of the person to whom the manufactured product is sold. If the contract of sale between the manufacturer and the customer provides that title to the manufacturing aid passes to the purchaser prior to physical use of the property in the manufacturing process, then the manufacturing aids or its raw materials, if the manufacturing aid is fabricated by the manufacturer, may be purchased for resale. Tax then applies, unless otherwise exempt, to the sale of the manufacturing aid by the manufacturer to the customer, and not also with respect to the sale to the manufacturer. If the contract provides that title to the manufacturing aid passes to the customer in this state prior to use, then a retail sale subject to tax occurs in this state even though the manufacturing aid may subsequently be shipped to a point outside this state.

History: Adopted August 20, 1985, effective November 22, 1985. Added this new regulation to explain the application of the sales and use tax to the sale of manufacturing aids such as dies, patterns, jigs, and tooling used in manufacturing other items of tangible personal property.

Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.